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## NEWS RELEASE

April 3, 2007

### **New York Company Defaulted for Fraudulent Sales of Stock**

***Greenmill Services claimed to be selling stock in three companies, stole money instead . . .***

**SALT LAKE CITY, Utah** – An order was entered today against Greenmill Services, Inc. of Brooklyn, NY for its conduct in taking \$77,600 from eight Utah investors in a stock scam. The order was entered by default after the company failed to defend itself in an enforcement action brought by the Division of Securities in February, 2007.

Greenmill, through three of its agents, convinced at least eight Utah investors to send \$77,600 to Greenmill to buy stock in three different companies: ETC Solutions, TurboScan, and NY RailRoad.com. The scam began when one of Greenmill's agents called a Utah resident with knowledge about a prior investment made by the resident. With this knowledge, the agent was able to convince the resident to trust his investment recommendations.

The agent told the investor he was soliciting \$100 million from investors for a company that would soon make its initial public offering. The investor was promised stock in ETC Solutions, a high-tech computer company. The stock could be bought for \$.50 per share, but was expected to soon be worth \$6 per share. The agent said the risky stage of the investment had passed and that he had invested his own money in the company. Over the next year, the investor sent money from him and his friends 22 times, in amounts ranging from \$400 to \$10,000.

Each new investment was made after a Greenmill agent called, saying a new opportunity had arisen or that the stock would increase in price even more. The investors were encouraged to borrow against home equity and credit cards because "this thing is going nuts." When soliciting additional money from the same investors, Greenmill agents told the investors that they had made great profits, at one point saying the investors had already earned profits of \$3.1 million. Still the investors were encouraged to put more money into investments with promises of even greater riches. When the investors insisted on reclaiming money they had invested, Greenmill said the the investors would have to send \$6,000 to get the money released from the World Bank.

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~~In reality, none of the money from investors was used to purchase stock. Money sent to Greenmill was used to pay personal expenses including veterinary bills, purchases of school books, and payments to a farm.~~

The order requires Greenmill to cease and desist selling securities in violation of the law and pay a fine of \$100,000. The Division's case is continuing against three agents of the company: Michael Preston, Leo Wagner, and Ralph DiFalco.